

State of Idaho

Group Insurance Overview

Department of Administration
February 9, 2012

Office of Group Insurance

- Established to negotiate, provide and administer cost effective, competitive group insurance benefits for state employees, retirees and their dependents.
- Four employees
- Annual operating budget of \$693,500.
- Over nine different benefit plans managed by Group Insurance including:
 - Active employee medical (includes vision and EAP)
 - Retiree medical
 - Dental
 - Life Insurance, short term and long term disability
 - Flexible spending account
- For FY11 the plans covered 43,000 Active Employees/Dependents lives, and 1,200 Retiree/Dependents lives for a total of 44,200 lives.

Plan Enrollment – Fiscal Year 2011

Active Employees

Enrollment	Traditional	PPO	High Deductible	Total
Employees	3,805 (22.9%)	13,891 (77.0%)	23 (.1%)	17,719 (42%)
Dependents	4,462 (18.7%)	20,955 (81.2%)	20 (.03%)	25,437 (58%)
Total Covered	8,267 (20.5%)	34,846 (79.5%)	43 (.1%)	43,156 (100)%

Average Age	Female	Male	Combined Av. Age
Employee	46	46	46
Spouse	45	50	48
Children	12	12	12

Retirees

Enrollment	Traditional	PPO	High Deductible	Total
Retirees	395 (40%)	469 (48%)	117 (11%)	981 (80%)
Dependents	88 (35%)	133 (53%)	31 (13%)	252 (20%)
Total Covered	483 (39%)	602 (49%)	148 (12%)	1,233 (100%)

Average Age	Female	Male	Combined Av. Age
Retiree	61	61	61
Spouse	59	61	60
Children	19	18	19

Group Insurance Funding

- Costs are projected 18 months out and refined prior to each budget setting.
- In FY 2011, the State paid 92% of the cost of the plan.
- The current funding plan was developed as an alternative to self-insuring.
 - Allows for maximum cash flow and investment earnings on the state's premium dollars;
 - Removes ultimate liability for claims;
 - Removes having to legally defend claim decisions;
 - Removes having to implement HIPAA requirements within the office.

Group Insurance Reserves

- The State holds reserves committed to the carrier on each line of coverage offered (i.e. medical, dental, life)
- The State retains any interest earned on these reserves.
- Reserves have been reduced from 10% of the projected annual premium on each plan, to 5%. These reserves are currently fully funded for FY12.
- Concerns with holding only a 5% reserve:
 - Loss of interest income on the reserves previously held;
 - The carrier adds a risk charge;
 - Any year-end deficits would be carried forward to the subsequent year, and increase rates;
 - We would not have the ability to absorb needed rate increases as we are doing again this year.

Projected Cost of Medical Plan

State Reserve Change	FY 2012	FY2013	FY2014
Beginning of Fiscal Year Balance	56,020,000	25,480,000	5,280,000
Appropriation and Contributions	145,210,000	176,500,000	224,950,000
Other Surplus Reserves	8,000,000	0	0
Claims, Admin, and Retiree Subsidy	(183,750,000)	(196,700,000)	(212,560,000)
Estimated End of Year Cash Balances	25,480,000	5,280,000	17,670,000

Beginning Cash Balance (Reserve)	56,020,000	25,480,000	5,280,000
Reserve Obligations:			
Base Contractual (5% of Plan Cost)	11,950,000	14,210,000	15,860,000
Additional Cost of Plan:			
Premium Holiday	28,327,700	0	0
Premium Stabilization Reserve	8,762,300	16,160,000	0
Total Reserves Required	49,040,000	30,370,000	15,860,000
Surplus/Deficit	6,980,000	(4,890,000)	(10,580,000)

Cost Sharing History

	Premium Split	
	State	Employee
FY2008	92%	8%
FY2009	91%	9%
FY2010	91%	9%
* FY2011	92%	8%
* FY2012 (projected)	93%	7%
FY2013 (projected)	92%	8%
FY2014 (projected)	93%	7%

* Premium Holidays

Group Insurance FY13 Budget Request

Total Active Medical Appropriation at an 8% Medical Trend	\$	9,360
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Total Active Medical Appropriation at a 6.5% Medical Trend		8,550
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Final FY13 Appropriation		8,550
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FY12 Supplemental Request

Office of Group Insurance

Two Positions

\$ 150,000

Dedicated Spending Authority

- State Benefits Administrator
- Benefits and Wellness Coordinator

Group Insurance Advisory Committee

Quarterly Meetings

Members:

- Senator Melinda Smyser
- Representative Phylis King
- Director Teresa Luna
- Dick Humiston, Retired Employee
- Betsy Johnson, Active Employee
- Andrea Patterson, Judiciary Representative

<http://adm.idaho.gov/insurance/giac.htm>

Status Updates

- Update on PPACA
- Benefit Changes
- Proposed Rules
- Future Opportunities

Questions?

Premium Holiday Savings and Reserve Balances

	December & January, 2011 Premium Paid from Reserves	Reserve Cash Balance January 31, 2012
MEDICAL	\$26,426,500	\$23,093,800
RETIREE MEDICAL	\$1,901,200	\$9,930,800
DENTAL	\$1,139,400	\$4,651,600
TOTAL	\$29,467,100	\$37,676,200

Scenarios for FY13

<u>Cost Sharing</u>	As Proposed	1% Shift - Total Plan Cost	3% Shift - Total Plan Cost
Employee Share	8%	9%	11%
State Share	92%	91%	89%

Employee Premiums

Employee	\$30	\$34 (13%)	\$41 (39%)
Employee + Spouse	\$77	\$87 (13%)	\$107 (39%)
Employee + Spouse + 2 or More Children	\$109	\$123 (13%)	\$151 (39%)